



PUBLIC SCHOOLS OF NORTH CAROLINA

DEPARTMENT OF PUBLIC INSTRUCTION | Mark Johnson, *Superintendent of Public Instruction*

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TO: LEA Superintendents
Charter School Administrators
Finance Officers
Exceptional Children Program Directors
Student Services Directors

FROM: Mark Johnson, State Superintendent *MJ*
Sherry H. Thomas, Director, Exceptional Children Division *SH*

LOCAL ALLOCATION OF MEDICAID FEE-FOR-SERVICE FUNDS

In May, 2019, changes to the NC Division of Health Benefits (DHB) [LEA Policy 10C](#) added reimbursement beyond students with an IEP, for services provided to Medicaid-enrolled students under 504 Plans, Individual Healthcare Plans (IHP), Behavior Intervention Plans (BIP), and Individual Family Service Plan (IFSP). A [DPI memo dated May 20, 2019](#), outlines these changes.

Prior to this policy change, all fee-for-service reimbursements were required to be allocated to Exceptional Children programs, per this [2015 directive from the NC Office of State Auditor](#). Given the recent change to the DHB LEA Policy 10C adding general education plans to the array of reimbursable services, the NC Department of Public Instruction (DPI) has partnered with the NC Office of State Auditor to update the allocation requirements as follows:

1. Fee-for-service reimbursements from IEP and IFSP services must be allocated to Exceptional Children programs
2. Fee-for-service reimbursements from 504 Plans, IHP and BIP services may be allocated to general education programs
3. LEAs must treat all reimbursements, regardless of plan type, as federal funding, per this [2015 memo](#).

As indicated in the DPI May 20, 2019 memo, it is essential that all stakeholders included in this notification read the [Medicaid 10C Policy](#). Understanding the policy will help in planning implementation strategies as well as generate questions for further clarity.

For questions please contact one of the following:

Lauren Holahan, Coordinator for SSIP, Medicaid, and School Mental Health, lauren.holahan@dpi.nc.gov

Christie Lynch Ebert, Director, Standards, Curriculum, and Instruction, Christie.LynchEbert@dpi.nc.gov

Bill Hussey, Medicaid Consultant, William.Hussey@dpi.nc.gov

Laurie Ray, Consultant for Physical Therapy and Medicaid, APE Liaison, laurie_ray@med.unc.edu

EXCEPTIONAL CHILDREN DIVISION

Sherry H. Thomas, Director | sherry.thomas@dpi.nc.gov

6356 Mail Service Center, Raleigh, North Carolina 27699-6356 | (919) 807-3969 | Fax (919) 807-3896

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